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April 3, 2009

Mr. Timothy Meeks  
Transmission Infrastructure Program  
Western Area Power Administration  
P.O. Box 281213  
Lakewood, CO 80228-8213

Re: **DEPARTMENT OF ENERGY, Western Area Power Administration, Notice  
of Proposed Program and Request for Public Comments, 74 Fed. Reg.  
9391(March 4, 2009): Comments of NorthWestern Energy**

Dear Mr. Meeks:

### Introduction

NorthWestern Energy ("NorthWestern") appreciates the opportunity to submit these comments to the Western Area Power Administration Notice ("Notice") of March 4, 2009, 74 Fed. Reg. 9391, regarding the proposal to adopt a Transmission Infrastructure Program "to implement section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed." 74 Fed. Reg. 9391.

NorthWestern is an electric and natural gas transmission and distribution utility conducting business in the States of Montana, South Dakota, Nebraska, and North Dakota. NorthWestern is incorporated in the State of Delaware and owns and operates electric and natural gas distribution and transmission facilities located primarily in Montana and South Dakota. Specifically, NorthWestern provides electric utility service, in both interstate and intrastate commerce (at both wholesale and retail), in South Dakota and Montana, as well as a *de minimis* electric service in Wyoming, and natural gas service on a local distribution basis in Montana, South Dakota, and Nebraska. NorthWestern's electric operations in Montana (see graphic) provides regulated electric and natural gas transmission and distribution services to approximately 300,000 electric customers and more than 150,000 natural gas customers in the western two-thirds of Montana. The Montana operations are located within the Western Electricity Coordinating Council; the South Dakota operations are located within the Mid-Continent Area Power Pool. NorthWestern is registered as a Balancing Authority, Planning

Authority and Transmission Planner in Montana and a Transmission Owner in South Dakota.

WAPA should develop clear, consistent and fair rules for the selection of projects under the Transmission Infrastructure Program

The process of selecting projects for participation in the Program is not set forth with any particularity. The rules of the game should be clear, consistent, and fair. To make the rules for selecting projects under the Program while at the same time asking interested parties to submit their projects for consideration is an odd process and poses many difficulties for interested parties which are submitting SOIs. WAPA should either allow interested parties to supplement their SOIs or WAPA should refrain from reviewing the projects until it has the “rules of game” settled for the Program.

The goals and principles of the Program should include two significant criteria that are specified in the Recovery Act – job creation and long-term economic benefit. The Recovery Act’s intent is not only to spur renewable energy growth through moving the resource from remote locations to load centers but also to provide immediate job creation and build long-term economic benefit. NorthWestern believes those elements should be part of the analysis performed by WAPA in selecting projects under the Program.

The Program should also make sure that transmission development by IOUs and other private parties is not disadvantaged. There is significant investment in transmission lines planned in the WAPA service territory and the rules of the Program should not create an uneven playing field for those projects.

WAPA should leverage its borrowing authority to the maximum extent possible.

NorthWestern believes that WAPA should spread or leverage its borrowing to the maximum extent possible to encourage as many projects as possible under the Program. In this regard, WAPA may wish to consider the purchase of unsubscribed capacity of a transmission line project to make sure a project is constructed. WAPA would hold those rights to that capacity for a period of time and when additional generation expresses an interest to use the transmission line, WAPA could then sell those rights and use the proceeds to enhance its borrowing authority.

WAPA should encourage the participation of IOUs in the Program to ensure the development of transmission projects that will bring remote renewable energy to market.

IOUs like NorthWestern have extensive experience in planning, financing, constructing, and operating transmission projects. That experience would provide a great reservoir of resources for WAPA in devising a Program that meets the goals of the Recovery Act.

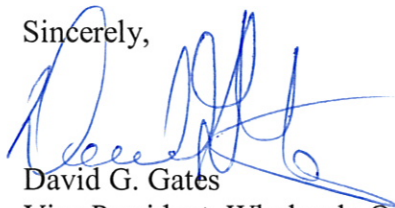
Letter – Mr. Meeks  
April 3, 2009  
Page 3

Conclusion

NorthWestern is in the process of developing four significant projects that are needed to help bring remote renewable resources to market and remains committed to building the necessary transmission to aid the region in meeting its energy goals. Given the scope of the transmission lines that need to be built to meet the Nation's goal of a clean energy economy, it is necessary for WAPA and IOUs to work together to bring renewable energy to market.

We appreciate the opportunity to submit these comments and look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David G. Gates', with a long horizontal flourish extending to the right.

David G. Gates  
Vice President, Wholesale Operations